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U.S. MAIL PERMIT NO. 1126 ROSEMONT, IL 60018

**FIRST UNION RAIL**

One O'hare Centre  
6250 River Road, Suite 5000  
Rosemont, IL 60018-4214

Tel 847.318.7575  
Fax 847.318.7588  
www.firstunionrail.com

**VIA UPS 2<sup>nd</sup> DAY AIR**

December 5, 2011

Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 F Street, S.W., Suite 100  
Washington, DC 20423-0001  
Attn: Recordation of Railroad Equipment

**Re: Memorandum of Lease Agreement**

Dear Section Chief:

I enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original and two (2) copies of a Memorandum of Lease Agreement dated July 29, 2011, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Surface Transportation Board under Recordation Number 27066.

The names and addresses of the parties to the enclosed document are:

Lessor:	First Union Rail Corporation	Lessee:	Pinnacle Pellet Inc.
	One O'Hare Centre		4252 Dog Prairie Road
	6250 River Road, Suite 5000		Quesnel, BC
	Rosemont, IL 60018		V2J 6K9 Canada

A description of the railroad equipment covered by the enclosed document is for sixty (60) covered hopper cars having LURX and TQEX marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: **Memorandum of Lease**

Also enclosed is a check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5397. Thank you for your cooperation in this matter.

Sincerely,



Marcia Dunne  
Senior Documentation Specialist

Enclosures

(P) (005)

ASSGN. NO.: PIPE005

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## MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 29<sup>th</sup> day of July, 2011, by and between the Montreal branch of First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Pinnacle Pellet Inc. ("Lessee"), a British Columbia corporation.

**WITNESSETH:**

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of March 19, 2007 whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 4 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of 29 July, 2011 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.


IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum of Lease to be duly executed by their respective officers duly authorized as of the date and year first above written (and each of the undersigned declares under penalty of perjury that he or she holds the title indicated below and that the execution of this Memorandum was the free act and deed of its corporation).

**LESSOR:**

FIRST UNION RAIL CORPORATION

Name: Susan A. BarrieTitle: Regional Vice President, SalesSignature: **LESSEE:**

PINNACLE PELLET INC.

Name: Vaughan BassettTitle: Vice PresidentSignature: 

**EXHIBIT A**  
**to**  
**MEMORANDUM OF LEASE**

NUMBER OF CARS:           Sixty (60).

DESCRIPTION OF CARS:   Covered hopper cars.

CAR NUMBERS:

FURX 870017	FURX 870364	TQEX 058114
FURX 870027	FURX 870369	TQEX 058120
FURX 870048	FURX 870371	TQEX 058125
FURX 870062	FURX 870375	TQEX 058137
FURX 870063	FURX 870393	TQEX 058144
FURX 870069	FURX 870441	TQEX 058160
FURX 870071	FURX 870444	TQEX 058169
FURX 870075	FURX 870458	TQEX 058177
FURX 870077	FURX 870476	TQEX 058178
FURX 870087	FURX 870497	TQEX 058181
FURX 870094	FURX 870504	TQEX 058184
FURX 870097	FURX 870595	TQEX 058194
FURX 870121	TQEX 058020	TQEX 058198
FURX 870157	TQEX 058037	TQEX 058199
FURX 870194	TQEX 058075	TQEX 058200
FURX 870219	TQEX 058077	TQEX 058206
FURX 870333	TQEX 058078	TQEX 058210
FURX 870342	TQEX 058106	TQEX 058222
FURX 870348	TQEX 058108	TQEX 058223
FURX 870358	TQEX 058113	TQEX 058277